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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA 1966
May 1965

Volume 9

Number 10

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

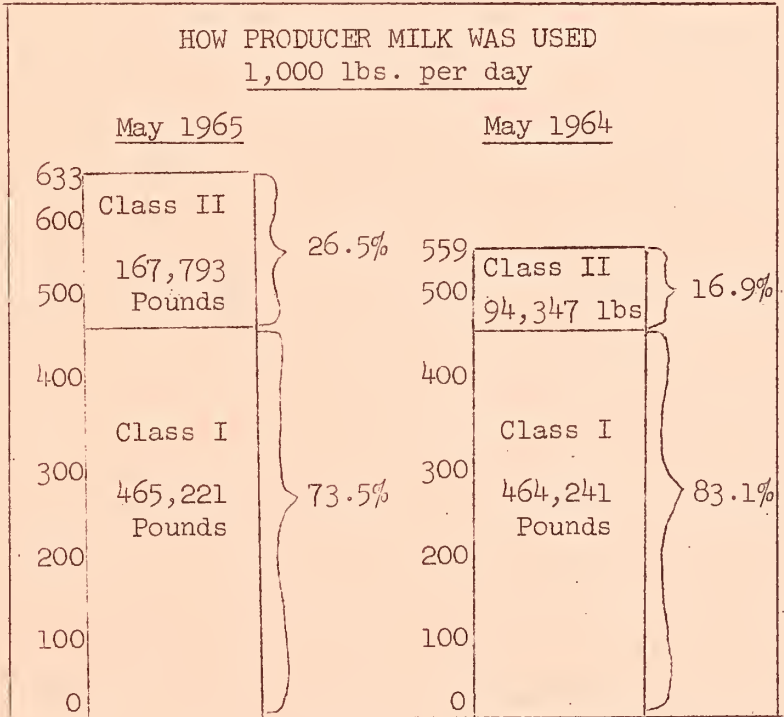
MARKET SUMMARY - MAY 1965

The Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 3.5% are: Base Milk \$4.57, Excess Milk \$2.64. The butterfat differential is 7.4 cents for each one-tenth of one percent above or below 3.5%. It is understood the Chattanooga Area Milk Producers Association will pay a 17 cent premium on Base Milk deliveries or \$4.74 per cwt.

During May 73.5% of the total producer milk was priced in Class I at \$4.98 per cwt. with a butterfat differential of 7.7 cents and 26.5% priced in Class II at \$2.68 per cwt. with a butterfat differential of 6.8 cents. The daily average use of Gross Class I decreased 4.7% compared with April 1965 and increased 1.5% compared with May 1964.

The daily average producer deliveries was 633,014 pounds in May 1965, a decrease of 8,983 pounds per day compared with April 1965 and an increase of 74,426 pounds compared with May 1964. Percentage-wise, May deliveries decreased 1.4% compared with April 1965 and increased 13.3% compared with May 1964. Base milk was 88.3% and excess milk was 11.7% of the total producer deliveries. All excess milk and 16.8% of base milk was priced in Class II at \$2.68 per cwt. and 83.2% of base milk was priced in Class I at \$4.98 per cwt.

LABORATORY ACTIVITIES - Producer Fresh Milk Tests 5,606 - Handler Products 219.



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% May'65 Over May'64	May 1965	Apr. 1965	May 1964
Number of Plants (Pool and Non-Pool)		12	12	13
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk - Base	+ 12.5	559,253	569,848	497,049
- Excess	+ 19.9	73,761	72,149	61,539
- Total	+ 13.3	633,014	641,997	558,588
Other Source	+ 27.0	20,102	19,855	15,831
Other Federal Orders	- 22.7	38,818	35,837	50,238
Total Milk Receipts	+ 10.8	691,934	697,689	624,657
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	+ 3.1	394,372	416,014	382,613
Fluid Skim	- 13.8	20,600	20,846	23,890
Buttermilk	- 2.9	42,658	43,994	43,946
Flavored Milk and Drink	+ 1.0	12,044	11,720	11,923
Fluid Cream (Sweet and Sour)	- 4.3	2,869	2,782	2,998
Other (Shrinkage, Inventory, etc.)		1,308	1,277	1,844
Transfers to Non-Pool Plants		931	1,305	688
Total Class I Milk	+ 1.5	474,782	497,938	467,902
Class II Uses:				
Ice Cream Mixes		47,705	51,286	41,557
Cottage Cheese		20,349	21,927	23,057
Powdered and Condensed Milk		74,715	90,020	54,891
Livestock Feed and Skim Dumped		6,100	6,106	5,987
Shrinkage Class II		9,170	9,953	9,148
Other (Butter, Inventory, etc.)		3,471	(10,180)	1,508
Transfers to Non-Pool Plants		55,642	30,639	20,607
Total Class II Milk	+ 38.5	217,152	199,751	156,755
Class I Pounds in Marketing Area	+ 2.2	291,824	310,517	285,404
Class I Pounds Outside Marketing Area	+ 0.3	182,958	187,421	182,498
Gross Class I Butterfat Pounds	+ 1.4	16,913	17,874	16,678
Gross Class II Butterfat Pounds	+ 29.4	9,469	9,439	7,317
Total Butterfat Pounds	+ 9.9	26,382	27,313	23,995
% Producer Milk of Gross Class I		133.3	128.9	119.4
% Producer Milk priced in Class I		73.5	75.9	83.1

JUNE 1965 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	June'65	May'65	June'64
Basic Formula	\$3.22	\$3.23	\$3.12
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.04	0.00	0.32
Class I Price, 3.5% Butterfat	\$5.01	\$4.98	\$5.19
Per \$1090.51(a)			
Supply-Demand Comparison: 1st and 2nd preceding months: April and May			
Supply: Lbs. Producer Milk (Apr. 19,259,916 and May 19,623,444)			38,883,360
Demand: Lbs. Net Class I Milk (Apr. 14,815,255 and May 14,605,522)			29,420,777
Utilization Percentage: Producer milk divided by Class I			132
Standard Utilization Percentage: Range 134-138			134
Net Deviation Percentage: Utilization minus Standard Utilization			Minus 2
Supply-Demand Adjustment: 2 cents x 2 percentage points			Plus \$0.04

Since the supply in relation to the demand is less than the desired standard, the price is increased 4 cents per hundredweight (2 cents x 2 percentage points).

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

MAY 1965	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		14,718,239	3.562		
Less Other Source		296,389	2.944		
Producer Milk Class I	73.5	14,421,850	3.574957	\$5.037717	\$726,531.99
Gross Class II		6,731,716	4.361		
Less Other Source		1,530,122	2.672		
Producer Milk Class II	26.5	5,201,594	4.857396	3.603029	187,414.94
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	19,623,444	3.914894		\$913,946.93
Add Fractional Adjustment					.03
Add Value of Other Source Receipts					
Prorated to Class I and Location Adj.		50,350			1,992.11
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,558.12
TOTAL VALUE AT TEST		19,673,794	3.910430	\$4.694047	\$923,497.19
Less Test over 3.5% @ 7.4¢ per point		19,673,794	.410430	.303718	59,752.85
TOTAL UTILIZATION VALUE AT 3.5%		19,673,794	3.5	\$4.390329	\$863,744.34
Less Reserve Per \$1090.71(f)		19,673,794		.040329	
WEIGHTED AVERAGE PRICE - 3.5% TEST		19,673,794	3.5	\$4.35	
Less FMP from Unregulated Supply Plants allocated to Class I @ Wt. Av. Price		50,350	3.5	\$4.35	2,190.23
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		19,623,444	3.5		\$861,554.11
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		2,286,607	\$2.68	\$61,281.07	
Total Value of Excess Milk		2,286,607	2.68	61,281.07	
Less Prod.-Settlement Fund Reserve @ 4¢		2,286,607	.04		914.65
UNIFORM EXCESS PRICE - 3.5% TEST		2,286,607	2.64		\$ 60,366.42
Total Value of Base Milk		17,336,837	4.616027		800,273.04
Less Producer-Settlement Fund Reserve		17,336,837	.046027		7,979.63
UNIFORM BASE PRICE - 3.5% TEST		17,336,837	\$4.57		\$792,293.41

MAY 1965 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.4¢ PER POINT (EXCLUDING PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$4.20	\$2.27	4.0	\$4.94	\$3.01	5.0	\$5.68	\$3.75
3.05	4.237	2.307	4.05	4.977	3.047	5.05	5.717	3.787
3.1	4.274	2.344	4.1	5.014	3.084	5.1	5.754	3.824
3.15	4.311	2.381	4.15	5.051	3.121	5.15	5.791	3.861
3.2	4.348	2.418	4.2	5.088	3.158	5.2	5.828	3.898
3.25	4.385	2.455	4.25	5.125	3.195	5.25	5.865	3.935
3.3	4.422	2.492	4.3	5.162	3.232	5.3	5.902	3.972
3.35	4.459	2.529	4.35	5.199	3.269	5.35	5.939	4.009
3.4	4.496	2.566	4.4	5.236	3.306	5.4	5.976	4.046
3.45	4.533	2.603	4.45	5.273	3.343	5.45	6.013	4.083
3.5	4.57	2.64	4.5	5.31	3.38	5.5	6.05	4.12
3.55	4.607	2.677	4.55	5.347	3.417	5.55	6.087	4.157
3.6	4.644	2.714	4.6	5.384	3.454	5.6	6.124	4.194
3.65	4.681	2.751	4.65	5.421	3.491	5.65	6.161	4.231
3.7	4.718	2.788	4.7	5.458	3.528	5.7	6.198	4.268
3.75	4.755	2.825	4.75	5.495	3.565	5.75	6.235	4.305
3.8	4.792	2.862	4.8	5.532	3.602	5.8	6.272	4.342
3.85	4.829	2.899	4.85	5.569	3.639	5.85	6.309	4.379
3.9	4.866	2.936	4.9	5.606	3.676	5.9	6.346	4.416
3.95	4.903	2.973	4.95	5.643	3.713	5.95	6.383	4.453

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
May '64	\$4.63 ^{2/}	\$4.89	\$2.62	7.2¢	\$5.07	7.5¢	\$2.66	6.7¢
June	4.78 ^{2/}	5.00	2.62	7.4	5.19	7.5	2.66	6.7
July	4.72 ^{2/}	4.99	2.62	7.4	5.16	7.5	2.66	6.7
Aug.	4.51	-	-	7.2	5.05	7.5	2.66	6.8
Sept.	4.60	-	-	7.6	4.80	7.7	3.26	7.1
Oct.	4.71	-	-	7.8	4.87	8.0	3.23	7.0
Nov.	4.83	-	-	7.8	5.10	7.9	3.30	7.2
Dec.	4.75	-	-	7.8	5.10	8.1	3.18	6.8
Jan. '65	4.66	-	-	7.4	5.06	7.7	3.12	6.7
Feb.	4.59	-	-	7.2	5.00	7.5	2.80	6.7
Mar.	4.54 ^{2/}	4.67	2.73	7.2	4.97	7.5	2.77	6.7
Apr.	4.41 ^{2/}	4.63	2.69	7.2	4.97	7.5	2.73	6.8
May	4.35 ^{2/}	4.57	2.64	7.4	4.98	7.7	2.68	6.8
June	-	-	-	-	5.01	7.7	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA Minn.-Wisc. Mfg.Grade Milk \$-cwt-3.5%
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. \$-cwt-4%	Chi.92° Butter ¢ Lb.	Chi.Area Powder ¢ Lb.	
	Milk Mfg.	Powder				
May '64	2.66	3.12	3.000	57.97	14.22	3.12
June	2.66	3.12	3.000	57.97	14.24	3.11
July	2.66	3.12	3.000	58.00	14.23	3.12
Aug.	2.66	3.19	3.000	59.51	14.30	3.15
Sept.	2.72	3.26	3.075	61.32	14.30	3.24
Oct.	2.77	3.23	3.119	60.47	14.29	3.27
Nov.	2.79	3.30	3.150	62.27	14.23	3.29
Dec.	2.81	3.18	3.150	59.24	14.20	3.29
Jan. '65	2.81	3.12	3.144	58.00	14.23	3.25
Feb.	2.80	3.12	3.138	57.99	14.27	3.22
Mar.	2.77	3.12	3.106	57.99	14.25	3.22
Apr.	2.73	3.17	3.069	58.97	14.22	3.23
May	2.68	3.17	3.025	58.97	14.28	3.22

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per Farm----			Prod. Milk Test
	No. Hdlrs.	Total Receipt	Class I Use	Class I Use	Total Delivery	Base Delivery	No. Prod.	Prod.	Base	Exc.	
May '64	13	624,657	467,902	464,241	558,588	497,049	654	854	760	94	3.95
June	13	584,658	452,652	449,792	530,133	482,237	655	809	736	73	3.91
July	13	575,476	449,846	445,827	536,759	476,599	655	819	728	91	3.91
Aug.	13	635,915	465,231	460,229	591,239	-	685	863	-	-	3.94
Sept.	13	655,234	549,204	544,006	618,771	-	683	906	-	-	3.99
Oct.	13	611,925	542,454	537,447	579,111	-	682	849	-	-	4.24
Nov.	13	615,385	504,706	498,734	577,281	-	680	849	-	-	4.24
Dec.	12	609,740	495,937	489,893	577,526	-	681	848	-	-	4.29
Jan. '65	12	635,352	495,024	489,397	596,941	-	679	879	-	-	4.21
Feb.	12	633,315	499,973	487,604	591,247	-	676	875	-	-	4.22
Mar.	12	626,314	493,880	482,738	590,445	552,135	673	877	820	57	4.17
Apr.	12	697,689	497,938	487,481	641,997	569,848	667	963	854	109	4.02
May	12	691,934	474,782	465,221	633,014	559,253	668	948	837	111	3.91

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I

SECRETARY FREEMAN ENDORSES "JUNE IS DAIRY MONTH" OBSERVANCE

Secretary of Agriculture Orville L. Freeman endorsed the 29th observance of June is Dairy Month and reminded the Nation's consumers that milk and dairy products since earliest times have been considered one of mankind's basic foods. The Secretary reported that increasingly around the world the important contribution of dairying is being recognized by observances comparable to the traditional June merchandising event of the American dairy industry.

June 1 is to be "International Dairy Day" in some 20 Nations, and Secretary Freeman is scheduled to participate in the "Milk Day--U.S.A." observance in Washington, D. C., sponsored by the American Dairy Association and the Greater Metropolitan June is Dairy Month Committee.

The Secretary said the annual June is Dairy Month event "gives us all an opportunity to salute our milk producers and marketers, whose efficient teamwork provides our consumers with a year-around abundance of milk and dairy products."

The Secretary added: "Nothing takes the place of milk, especially in the diets of growing children. That is why USDA is continually striving to broaden the school lunch and milk programs of the Consumer and Marketing Service. More children, beyond the present 30 million now participating in school lunch and milk programs, must have an opportunity to enjoy milk and other nutritious food each day."

Secretary Freeman further pointed out that good nutrition in other age groups is seldom possible without adequate amounts of milk and dairy products. Teen-agers grow so swiftly they paramountly need the quickly-available energy and nutrients found in milk. For older citizens, milk is an economical source of calcium and a good source of protein.

"USDA carries on research and educational programs to improve our knowledge of nutrition and to spend this knowledge as widely as possible. Observances such as June is Dairy Month contribute to these objectives by spotlighting nutritious foods that are readily available and reasonably priced," the Secretary said.

The following pool and non-pool plants filed a report and were subject to Federal Order No. 90 regulation for the period of May 1965:

<u>Pool Plants</u>	<u>Address</u>
Chattanooga Area Milk Producers Association	Chattanooga, Tennessee
Grant-Patten Milk Co., Inc.	Chattanooga, Tennessee
Happy Valley Farms, Inc.	Rossville, Georgia
Home Stores, Inc.	Chattanooga, Tennessee
Mayfield Dairy Farms, Inc.	Athens, Tennessee
Ray Moss Farms, Inc.	Chattanooga, Tennessee
Paramount Dairies, Inc.	Dalton, Georgia
Sealtest Foods-Southern Division	Chattanooga, Tennessee
 <u>Non-Pool Plants*</u>	
French Broad Dairy, Inc.	Knoxville, Tennessee
Miss Tennessee Dairies, Inc.	Knoxville, Tennessee
Sealtest Foods-Southern Division	Knoxville, Tennessee
Stoffell's Dairy, Inc.	Knoxville, Tennessee

* Regulated pool plants under Knoxville Order No. 101

UNITED STATES DEPARTMENT OF AGRICULTURE
Consumer and Marketing Service
Dairy Division
CHATTANOOGA, TENNESSEE MARKETING AREA
Federal Order No. 90

DAIRY COUNCIL AND AMERICAN DAIRY ASSOCIATION DEDUCTIONS

The Market Administrator received a request dated June 3, 1965, quoted below, from Chattanooga Area Milk Producers Association that all producers supplying milk for the Chattanooga Marketing Area be given an opportunity to continue contributing to the American Dairy Association and Dairy Council.

"Whereas, A determination was made by the Market Administrator in June 1964 that there was no substantial opposition by milk producers to the making of deductions for the support of the Dairy Council and American Dairy Association in the Chattanooga area, and,

"Whereas, The Chattanooga Area Milk Producers Association, representing a substantial number of milk producers, continues to endorse and commend these programs, and,

"Whereas, The individual milk producer may, by written request, prevent the deductions if he does not desire to cooperate, and,

"Whereas, It is important that all Chattanooga dairymen be offered the opportunity to collectively continue supporting these educational, advertising, merchandising, research and public relations programs,

"Now, Therefore, Be It Resolved, That the Chattanooga Area Milk Producers Association request that the Market Administrator renew or continue the determination that there is no substantial opposition by the milk producers in the Chattanooga area to making deductions for the support of the Dairy Council and American Dairy Association.

"Be It Further Resolved, That if the Market Administrator renews or continues the determination referred to in the preceding paragraph, deductions of 1 cent per hundredweight for Dairy Council and 2 cents per hundredweight for American Dairy Association be continued until further action by the Board."

The Market Administrator has made a review of current producer deductions and the Associations' request. By these and other means, as in accordance with the Secretary's instructions, it is hereby determined there is no significant opposition by area milk producers to making deductions for the support of these programs.

It is now possible as a result of this determination for Chattanooga Area handlers to cooperate with American Dairy Association and Dairy Council programs by making specific hundredweight deductions (1¢ DC and 2¢ ADA) from payments to milk producers, provided the handler gives each producer advance notice of his intentions to make these deductions for one year beginning July 1965. The producer associations and all handlers are advised not to make a deduction if a producer writes requesting that no such deduction be made. My auditors will examine all letters which producers send handlers or the Association regarding these deductions. We will also verify that the proper agency receives all money deducted for its support from producer payments.

J. B. McCroskey
Market Administrator

Date: June 3, 1965